

Appendix G

Mercer – Case Studies

Washington State health Care Authority (HCA) Case Study #1

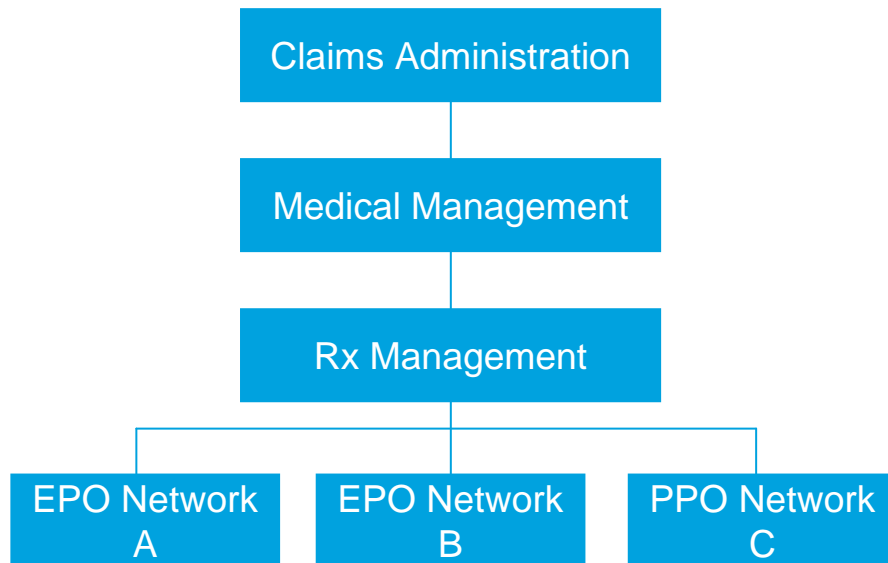
- Since its inception in 1988, the HCA has offered state employees a self-insured PPO using a state-maintained provider network as one of several health insurance options
- The provider network is contracted, credentialed, and maintained by state employees
- Successes from this approach include
 - Competitive provider reimbursement rates
 - Use of innovative payment rates – was the first commercial payor in the state to implement case payment rates for both inpatient hospital and ambulatory care
- The HCA has decided to abandon this approach, and will release an RFP this fall to procure a TPA effective 1/1/2010. Key reasons behind this decision include:
 - Adoption of innovations and best practices developed by private sector
 - Enhanced network innovation
 - Better integration with care and disease management activities

State of Arizona – Department of Administration (ADOA)

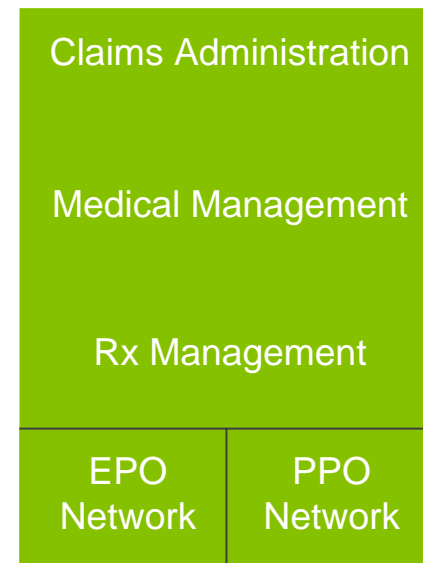
Case Study #2

Medical Plan Offerings

Non-Integrated Plan

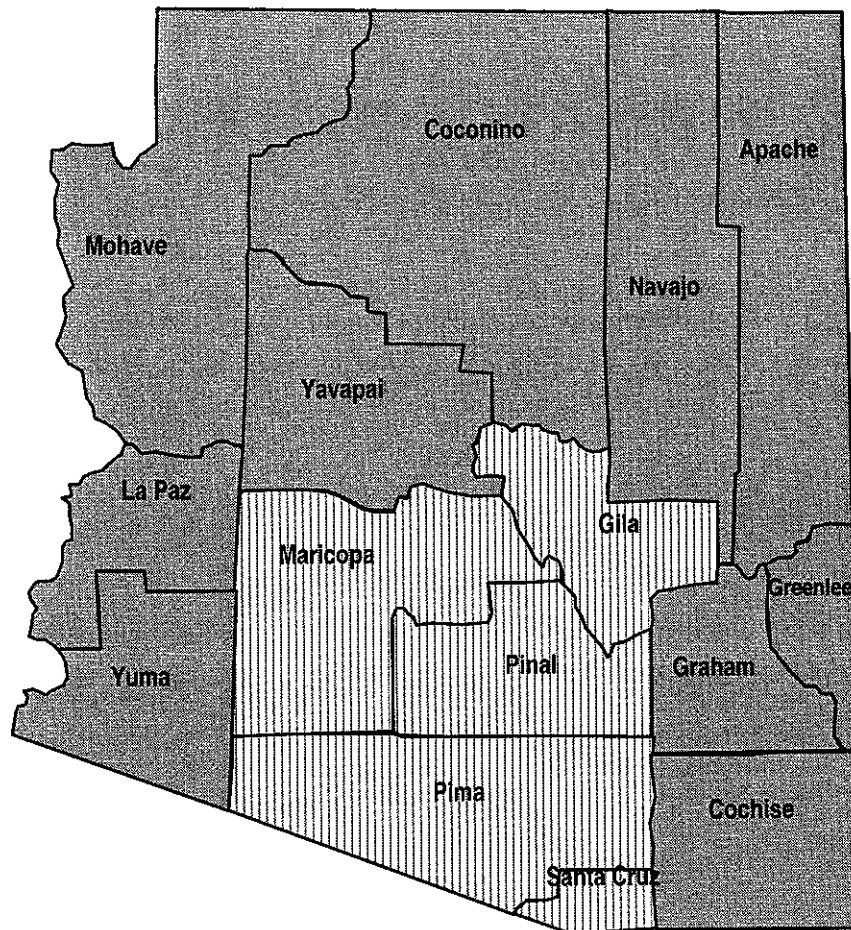



Integrated Plan




- ADOA offers choice of EPOs and PPOs to employees
- All health plans are self-funded
- Non-integrated plan option allows greater flexibility in contracting with service providers
- The same payroll deduction applies to all EPO plans (PPO plans have much higher payroll deductions)

Networks for active employees and non-Medicare-eligible retirees



 RAN+AMN EPO, Schaller
Anderson EPO, United
EPO/PPO, AZ Foundation PPO

 RAN+AMN EPO,
Schaller Anderson EPO,
AZ Foundation PPO

Out of State: Beech Street PPO

NAU employees/retirees: Blue Cross Blue Shield of AZ PPO